

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 EPG-02 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 FRB-03 XMB-02 OPIC-03 LAB-04

SIL-01 AGRE-00 IO-13 MCT-01 /107 W

-----079379 152311Z /61

P R 151930Z JUL 77

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 2639

INFO AMEMBASSY CARACAS

USSOUTHCOM

AMCONSUL CALI

AMCONSUL BARRANQUILLA

AMCONSUL MEDELLIN

LIMITED OFFICIAL USE BOGOTA 6597

E.O. 11652: N/A

TAGS: ELAB, PINS, PDIP, ECON, CO

SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY. THE FOREIGN MINISTRY HEDGED ON THE MINISTER OF LABOR'S ILO WITHDRAWAL STATEMENT; IT REMAINED SILENT WHILE COMMENTS FROM MIAMI MAYOR FERRE KEPT THE CABRANES CONTROVERSY ALIVE. THE GOC DEALT A SERIOUS BLOW TO GUERRILLA ORGANIZATIONS AND INSTITUTED NEW MEASURES TO COMBAT INFLATION AND TO COMPENSATE FOR DECREASED FOREIGN DEMAND FOR COFFEE.

2. MFA CALLS ILO WITHDRAWAL STATEMENT UNAUTHORIZED. A FOREIGN MINISTRY OFFICIAL TODAY EMBOFFS RECENTLY THAT A STATEMENT BY COLOMBIA'S LABOR MINISTER, ANNOUNCING THE GOC'S INTENTION TO FOLLOW THE U.S. SHOULD THE LATTER WITHDRAW FROM THE ILO (BOGOTA 6162), WAS UNAUTHORIZED. THE OFFICIAL POINTED OUT THAT THE GOC COULD NOT NOW RETRACT THE STATEMENT, BUT THAT MANY DEVELOPING

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NATIONS (PRESUMABLY INCLUDING COLOMBIA) FIND THE ILO TO BE OF CONSIDERABLE VALUE AND WOULD BE HESITANT TO LEAVE IT (SEE BOGOTA 6571).

3. CABRANES CONTROVERSY CONTINUES. FOLLOWING LAST WEEK'S PRESS STORIES ON THE WITHDRAWAL OF THE NOMINATION OF JOSE CABRANES AS U.S. AMBASSADOR TO COLOMBIA (BOGOTA 6339), A LETTER

AND PRESS INTERVIEW BY MIAMI'S MAYOR FERRE CREATED INCREASED PRESS ATTENTION AND PUBLIC COMMENT ON THE STORY (BOGOTA 6530).

4. PUBLIC ORDER. THE PRO-CUBAN NATIONAL LIBERATION ARMY (ELN) SUFFERED A SERIES OF SETBACKS THIS WEEK AS SECURITY FORCES CAPTURED SEVERAL ELN MEMBERS AND SUPPLIES IN THREE SEPARATE CITIES. THE BIGGEST POLICE SUCCESS WAS IN BOGOTA WHERE SECURITY FORCES, AFTER A LENGTHY FIRE-FIGHT ON JULY 13, CAPTURED A NUMBER OF GUERRILLAS, ARMS AND AMMUNITIONS, DOCUMENTS RELATING TO ELN ACTIVITIES AND THE ALLEGED SWORD OF SIMON BOLIVAR WHICH HAD BEEN STOLEN FROM A MUSEUM IN 1976 BY THE M-19 TERRORIST GROUP. ACCORDING TO OFFICIAL SOURCES, THE DOCUMENTS CAPTURED IMPLICATE THE ELN IN MANY OF THE RECENT KIDNAPPINGS OF PROMINENT PERSONS IN BOGOTA TO RAISE FUNDS FOR RURAL GUERRILLA OPERATIONS. ANOTHER GUERRILLA GROUP, THE PEKING-LINE POPULAR LIBERATION ARMY (EPL), CLAIMED CREDIT FOR RECENT ATTACKS AGAINST A COLOMBIAN AIR FORCE GENERAL (BOGOTA 6339) AND AVIANCA AIRLINE OFFICES IN BOGOTA.

5. GOC TIGHTENS ANTI-INFLATION MEASURES. THE GOVERNMENT THIS WEEK INCREASED FROM THIRTY PERCENT TO FORTY PERCENT THE ADVANCE DEPOSIT REQUIRED FOR IMPORTS OF CONSUMER GOODS AND RAW MATERIALS AND FROM THIRTY PERCENT TO SIXTY PERCENT THE ADVANCE DEPOSIT FOR ALL OTHER IMPORTS. ACCORDING TO THE MINISTER OF FINANCE, THE MOVE WAS TAKEN TO COUNTERACT THE ANTICIPATED INFLATIONARY EFFECT WHICH WILL RESULT FROM THE COFFEE FEDERATION'S LIMITED OFFICIAL USE

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PLANS TO CONVERT \$61 MILLION TO PESOS IN ORDER TO PURCHASE COFFEE FROM DOMESTIC PRODUCERS. WHILE THE INCREASE IN THE ADVANCE DEPOSIT UNDOUBTEDLY WILL HELP TO OFFSET THE INCREASE IN THE MONEY SUPPLY RESULTING FROM THE COFFEE FEDERATION'S PURCHASES, IT WILL, AT THE SAME TIME, INCREASE THE COST OF IMPORTED GOODS AND SERVE AS A DISINCENTIVE TO SOME IMPORTERS.

6. COFFEE REINTEGRO LOWERED. FOLLOWING STATEMENTS BY THE MINISTER OF AGRICULTURE THAT COLOMBIAN COFFEE EXPORTS HAD CEASED, THE GOVERNMENT LOWERED FROM \$2.98 TO \$2.50 THE AMOUNT OF FOREIGN EXCHANGE PRIVATE COFFEE EXPORTERS WILL BE REQUIRED TO TURN IN TO THE CENTRAL BANK FOR EACH POUND OF COFFEE EXPORTED (REINTEGRO). DURING RECENT MONTHS, MOST DOMESTIC COFFEE PRODUCTION HAS BEEN SOLD TO THE FEDERATION WHICH, IN THE FACE OF WEAK DEMAND ABROAD, HAS INCREASED STOCKS TO AN ESTIMATED 1.5 MILLION BAGS. IF DEMAND IN THE U.S. AND EUROPE IS SUFFICIENT TO SUPPORT A PRICE IN EXCESS OF \$2.50 PER POUND, PRIVATE EXPORTERS ARE EXPECTED TO AGAIN ENTER THE MARKET.  
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## Message Attributes

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